

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA
DOCKET NO. 2019-____-E

In the Matter of:)	<u>DOMINION ENERGY SOUTH</u>
Dominion Energy South Carolina, Inc.’s)	<u>CAROLINA, INC.’S REQUEST FOR</u>
Request for Approval of an Expanded)	<u>APPROVAL OF AN EXPANDED</u>
Portfolio of Demand Side Management)	<u>DEMAND SIDE MANAGEMENT PLAN</u>
Programs and a Modified Demand Side)	<u>AND A MODIFIED DEMAND SIDE</u>
Management Rate Rider)	<u>MANAGEMENT RATE RIDER</u>
)	

Pursuant to S.C. Code Ann. § 58-37-20 (2015, as amended) and Public Service Commission of South Carolina (“Commission”) Regulation 10 S.C. Code Ann. Regs. 103-819, 103-823 (2012), and in compliance with Commission Order No. 2010-472, as affirmed and modified by Order No. 2013-826, Dominion Energy South Carolina, Inc. (“DESC” or the “Company”)¹ hereby (i) submits for review the results of DESC’s comprehensive potential study and Demand Side Management (“DSM”) program analysis, (ii) requests approval of its proposed suite of expanded and modified DSM programs for an extended five-year term, (iii) seeks reaffirmation with modifications of the rate rider mechanism that allows recovery of DESC’s costs and lost net margin revenue associated with its DSM programs along with an appropriate incentive for investing in such programs, and (iv) requests that the Commission otherwise reaffirm its approvals as set forth in prior orders of the terms of the Company’s DSM programs

¹ South Carolina Electric & Gas Company (“SCE&G”) changed its name to Dominion Energy South Carolina, Inc. effective April 29, 2019. This Request uses “DESC” to refer to the Company both before and after this name change.

and cost recovery rider, and the mechanism for their ongoing review and approval, except to the extent that they are proposed to be modified or amended herein.

PROCEDURAL REQUEST

Pursuant to Order Nos. 2010-472 and 2013-826, the Commission authorized DESC from time to time to modify, amend, terminate or add any measure or program to its suite of DSM programs upon notice to the Commission and the Office of Regulatory Staff (“ORS”). The Commission further reserved the right on its own initiative to modify the terms and conditions of the DSM rate rider mechanism and associated matters at any time. However, to provide a measure of stability and predictability to DESC’s DSM offerings, Order No. 2013-826 also precluded parties from filing petitions to modify DSM programs or the DSM rate recovery rider for six years from the date of the order. That six-year term expires on November 26, 2019.

Under Order Nos. 2010-472 and 2013-826, however, DESC’s DSM programs are evaluated on a 12-month review period ending each November 30th. DSM rate rider recovery factors are updated annually based on costs and results measured during that same 12-month period. Therefore, the November 26, 2019 date for filing of adjustments does not align with the cycle on which DSM programs are evaluated and the DSM recovery rider is updated.

In the interest of the orderly administration of the DSM rate rider and the orderly and timely transition to a new suite of DSM programs, DESC files the current request before the expiration of the deadline set in Order No. 2013-826. DESC seeks to have this docket heard on a schedule that allows the requested changes to go into effect as of December 1, 2019. DESC requests that the Commission waive or modify the timing provisions of Order No. 2013-826 to the extent that any such waiver or modification is required.

I. INTRODUCTION

In support of this filing, DESC would respectfully show to the Commission:

1. DESC is a corporation duly organized and existing under the laws of the State of South Carolina, with its principal offices at 220 Operation Way, Cayce, South Carolina, 29033. The Company is engaged in the business of generating, transmitting, delivering, and providing electricity to public and private energy users for compensation.

2. DESC operates an integrated electric utility system that serves approximately 730,000 customers in 24 counties in central and southern South Carolina. DESC's service territory covers nearly 16,000 square miles in central, southern and southwestern portions of South Carolina including the metropolitan areas of Charleston, Columbia, Beaufort, and Aiken and many other smaller cities and towns, and rural areas in South Carolina.

3. The names, titles, addresses and telephone numbers of the persons to whom correspondence or communications relating to this filing should be addressed are as follows:

K. Chad Burgess
Matthew W. Gissendanner
Dominion Energy South Carolina, Inc.
Mail Code C222
220 Operation Way
Columbia, SC 29033
(803) 217-8141 (KCB)
(803) 217-5359 (MWG)
Chad.burgess@scana.com
Matthew.gissendanner@scana.com

Belton T. Zeigler
Kathryn S. Mansfield
Womble Bond Dickinson (US) LLP
1221 Main Street, Suite 1600
Columbia, SC 29201
(803) 454-7720(BTZ)
(803) 454-7721 (KSM)
Belton.zeigler@wbd-us.com
Kathryn.mansfield@wbd-us.com

4. S.C. Code Ann. § 58-37-20 provides that the Commission may adopt procedures that encourage electrical utilities to invest in cost-effective energy efficient technologies and energy conservation programs. The statute further provides that such procedures must provide incentives and cost recovery for investment in qualifying programs along with a reasonable rate of return sufficient to make DSM programs at least as financially attractive as the construction of new generating facilities.

5. S.C. Code Ann. § 58-37-20 further requires the establishment of rates and charges that ensure that the net income of a regulated electrical utility is at least as high as the net income would have been if the energy conservation measures had not been implemented.

6. In Order No. 2010-472, the Commission approved DESC's proposed suite of nine (9) residential and two (2) commercial and industrial DSM programs and authorized the Company to establish a rate rider to recover costs ("DSM Rate Rider"). The authorization of the initial suite of DSM programs extended for three program years, concluding on November 30, 2013. The Commission also ordered DESC to make annual filings with the Commission updating the Company's DSM Rate Rider each January with a review period comprising the 12 months ending each November 30th.

7. Order No. 2010-472 also required the Company to establish an energy efficiency advisory group (the "Advisory Group"). The Advisory Group includes representatives from the industrial sector, commercial sector, environmental sector, a low-income representative, and ORS. It has met fourteen (14) times in the last five years. Current membership includes:

- Large Energy Users Group – industrial sector
- SC Small Business Chamber of Commerce – commercial sector
- South Carolina Coastal Conservation League ("SCCCL") – environmental sector
- Southern Alliance for Clean Energy ("SACE") – environmental sector
- ORS – public interest

- State Energy Office of ORS – public interest
- South Carolina Office of Economic Opportunity – low-income representative

8. By orders issued in 2011, 2012 and 2013, the Commission approved updates to the DSM Rate Rider and modification to the DSM programs.²

9. In 2013, recognizing the approach of the end of the three-year period identified in Order No. 2010-472, the Company filed for approval of a revised suite of eleven (11) DSM programs, including nine (9) residential and two (2) commercial programs. The Commission approved these revisions in Order No. 2013-826.

10. In annual filings from 2014 through 2019, the Commission approved updated factors for the DSM Rate Rider and modifications to the DSM programs.³

11. **Table 1** below summarizes the key results and savings realized through Program Year 8 as a result of the Company's DSM programs.

Table 1. Results and Savings Through Program Year 8

Amount invested in DSM Programs	\$113 million (cumulative amount)
kWh saved	787 million kWh
Customers engaged	137,000
Businesses served	7,055
Low-income customers served	11,696
Bulbs sold	7.7 million CFL/LED bulbs

12. To foster stability in DSM program offerings, Order No. 2013-826 provided that no party could file for changes in the programs as approved or modified in that order until six years from the date of the Order, November 26, 2019.

13. In anticipation of the completion of that six-year time period, DESC, through independent third-party consultants, has conducted a comprehensive potential study and DSM

² Order No. 2011-390; Order No. 2012-300; Order No. 2013-266.

³ Order No. 2014-381 (Docket No. 2014-44-E); Order No. 2015-307 (Docket No. 2015-45-E); Order No. 2015-307 (Docket No. 2015-45-E); Order No. 2016-299 (Docket No. 2016-40-E); Order No. 2017-260 (Docket No. 2017-35-E); Order No. 2018-312 (Docket No. 2018-42-E); and Order No. 2019-292 (Docket No. 2019-57-E).

program analysis. The resulting report completed by ICF International, Inc. (the “Potential Study”) is attached as **Exhibit 1** to this Request.

14. Based on the Potential Study, DESC has identified a suite of ten modified, expanded, and new DSM programs to propose to offer to customers along with five-year program plans. All of the energy efficiency programs, including the low-income program, proposed for adoption here have been determined to be cost-effective programs under the Total Resource Cost (TRC) test. However, the Neighborhood Energy Efficiency Program, a low-income offering, is proposed pursuant to the terms of the Settlement Agreement adopted by the Commission in Order No. 2010-472, which provides that “low-income programs may not pass the TRC test and that such a result shall not prevent the implementation of the program.” Settlement Agreement at 6, Docket No. 2009-261-E.

15. As requested in Order No. 2018-322(A) at page 46, the Potential Study also evaluated DESC’s current Demand Response (DR) offerings, which are rate driven and include Time of Use Rates for residential, commercial and industrial customers; Interruptible Rates; Standby Generator Program rate credits; and a Real Time Pricing Tariff. The Potential Study quantified the benefits provided by these rate-driven programs and the potential for increasing that contribution as Advanced Metering Infrastructure (AMI) becomes more widely available on DESC’s system.

16. DR offerings have historically not been administered or reported as DSM programs, and the cost of DR rates and credits have not historically been reflected in DSM program costs but have been considered in setting base rates for the retail electric system.

17. In evaluating the results of the DSM Potential Study and formulating the proposed suite of DSM programs, DESC and its consultants have conducted extensive outreach to

residential, commercial and industrial customers, trade allies, local community and statewide service organizations, and energy conservation and environmental advocacy groups. The scope of the Potential Study, its results and the proposed suite of new and modified programs were presented to the Advisory Group at appropriate stages of the development and review process for input and comments. Additionally, DESC retained Opinion Dynamics Corporation (“ODC”), which conducted telephone surveys of a large sample of DESC’s residential and non-residential customer base. ODC also convened workshops with HVAC and lighting contractors and distributors, plumbers and trade allies to hear their reactions to existing and proposed programs and what they understood that their customers were likely to participate in and support.

18. A timeline of the Advisory Group and other stakeholder consultation for this study is as follows:

- **November 9, 2017 Advisory Group Meeting** – DESC informed the Advisory Group that comprehensive portfolio planning will begin in 2018.
- **April 18, 2018 Advisory Group Meeting** – ODC presented the Market Study overview as part of the supporting data for the Potential Study. The presentation included a timeline for portfolio planning with a June 2018 kickoff date for the study to begin. DESC sought input on the data collection and timeline both during and following the meeting.
- **August 16, 2018 Advisory Group Meeting** – ICF presented the Potential Study process/project overview to the Advisory Group. DESC sought input on the process both during and following the meeting. The timeline was updated.
- **November 15, 2018 Advisory Group Meeting** – DESC presented the Advisory Group with the full list of measures to be included in the study for review and requested input on any measures members of the group thought should be added. The Advisory Group was also allowed time to review the measure list and provide feedback following the meeting. The timeline was updated.
- **March 25, 2019 Trade Ally Workshop** (held in Cayce) – Residential Contractors met to provide input on programs related to HVAC equipment, plumbing, duct repair and replacement, HVAC tune-ups, and mid-stream/downstream delivery channel program design.
- **March 26, 2019 Equipment Distributor Workshop** (held in Charleston) – Residential and Commercial equipment distributors representing lighting and residential and

commercial HVAC distributors provided input on mid-stream/downstream delivery channel program design.

- **April 25, 2019 Advisory Group Meeting** – ICF presented the DSM and DR potential forecast to the Advisory Group, including preliminary results. DESC provided an updated timeline and sought feedback both during and following the meeting.

II. SUITE OF DSM PROGRAMS

19. Based on its analysis, and in collaboration with the stakeholders described above, DESC proposes to amend its DSM offerings to provide its customers with the suite of cost-effective energy efficient programs and energy conservation programs described below. DESC has determined that these offerings represent a balanced suite of programs that are reasonably practical from an implementation and customer receptivity standpoint, are technically and economically justified, and have a reasonable likelihood of providing significant savings to customers and the system.

20. The DSM (*i.e.*, non-DR) programs proposed to be offered are:

- (a) **Residential Programs**
 - (i) Residential Appliance Recycling
 - (ii) Residential Neighborhood Energy Efficiency
 - (iii) Residential Heating & Cooling
 - (iv) Residential Home Energy Check-Up
 - (v) Residential Home Energy Reports
 - (vi) Residential EnergyWise Online Store
 - (vii) Residential Multifamily
- (b) **Commercial and Industrial Programs**
 - (i) Commercial Small Business Direct Install
 - (ii) Commercial and Industrial EnergyWise for your Business
 - (iii) Municipal LED Lighting

21. No current programs are proposed to be terminated in their entirety. Two new programs, Residential Multifamily and Municipal LED Lighting, are being added. All other programs are being modified or expanded.

22. **Table 2** below summarizes the residential sector DSM programs and changes from the existing version of these programs.

Table 2. Current and Proposed Residential DSM Measure Differences

Current Programs scenario	Expanded Programs scenario	Key differences in Expanded scenario
Appliance Recycling	Appliance Recycling	Expanded participation
Heating & Cooling	Heating & Cooling	Higher incentives; electric resistance heating -> Air Source Heat Pump (ASHP) measures added
Home Energy Check-up	Home Energy Check-up	Tier 2 measures added; additional direct install measures
Home Energy Reports	Home Energy Reports	Opt-out beginning 2023
Neighborhood Energy Efficiency Program	Neighborhood Energy Efficiency Program	Expanded participation
Online store	ENERGY STAR® Lighting	Smart thermostats
	Multifamily	New program
	Water Heating	Heat Pump Water Heater (HPWH) focus; higher incentives (to be offered under Heating & Cooling)

23. **Tables 3 and 4** below summarize the commercial and industrial sector DSM programs and changes from the existing version of these programs.

Table 3. Current and Proposed Commercial EE Measure Differences

Current Programs scenario	Expanded Programs scenario	Key differences in Expanded scenario
EnergyWise for Your Business - Commercial	EnergyWise for Your Business - Commercial	Added Agricultural offering element; Higher incentives & expanded participation for lighting, other end uses
Small Business	Small Business	Higher incentives; expanded participation
	Municipal LED Lighting	New program

Table 4. Current and Proposed Industrial EE Measure Differences

Current Programs scenario	Expanded Programs scenario	Key differences in Expanded scenario
EnergyWise For Your Business - Industrial Efficiency	EnergyWise For Your Business - Industrial Efficiency	None
	Strategic Energy Management	New offering (to be included within EnergyWise For Your Business)

24. The following is a brief summary of the DSM Programs that DESC intends to offer to its customers:⁴

(a) **Residential Appliance Recycling**

DESC proposes to continue offering its Residential Appliance Recycling program, which has been successful in permanently removing from service older, less efficient but still operable secondary refrigerators, and/or stand-alone freezers. Through Program Year 8, over 10,000 units have been collected, resulting in approximately 6,888 MWh saved. Under this program, DESC collects and recycles these appliances while providing direct payments to customers of \$50 for a qualifying refrigerator or freezer.

From time to time DESC has made limited-time offers of increased incentives to motivate participation. DESC may do so in the future. DESC will consider other increases in incentives as circumstances warrant.

(b) **Residential Neighborhood Energy Efficiency Program**

DESC proposes to continue its Residential Neighborhood Energy Efficiency Program (“NEEP”), which has been successful in educating and delivering direct installation of low-cost energy saving measures to low-income households. Over 10,000 homes have participated in

⁴ The programs identified in this Request are identified by descriptive functional names. For marketing purposes, however, these programs may be identified by different names when the programs are rolled out to DESC’s customers.

NEEP, with \$4.5 million invested in the program. Since Program Year 6, residential investment in NEEP is estimated to be approximately 20% of the total spending for the residential programs.

A neighborhood sweep typically begins with a kickoff event at a local church, school, or public facility in which elected and community leaders assist in the promotion of the program and fostering acceptance within the community. The program is then delivered in a door-to-door sweep where eligible customers are offered direct installation of energy efficiency measures including LEDs, HVAC filters, low-flow faucet aerators, advanced power strips, water heater blankets, water heater turn down and other appropriate measures. For targeted mobile home customers, additional measures may include air sealing, thermostat upgrade, duct sealing, and belly board insulation specific to this housing type.

Because the program can provide energy savings to otherwise hard to reach low-income households, DESC plans to prioritize it by expanding funding and resources and increasing the scope of its operations. Based on the demonstrated success of this approach, DESC proposes to increase the annual number of neighborhood sweeps with the goal of expanding participation in the program by approximately 35% over the next five years.

(c) Residential Heating & Cooling Program

DESC proposes to continue its Residential Heating & Cooling Program, which has been successful in motivating customers to invest in high-efficiency heating and cooling equipment and will now include the addition of water heating equipment. Since the inception of the program, over 48,000 heating and cooling units and/or duct work measures have been incentivized under the existing program. The program will continue to focus on providing incentives for replacement of existing units with qualifying appliances that meet or exceed EPA ENERGY STAR[®] standards. The rebates are provided by working with independent HVAC and

plumbing contractors that are trained in program eligibility requirements and on how to assist customers in the application process.

Under the proposed program, current rebates will be increased as listed below and include a new rebate for electric heat pump water heaters that has not been previously offered.

Residential Heating & Cooling Program		
Measure Description	Current Rebates	Proposed Unit Incentive
High-Efficiency Heat Pump or Central A/C Tier 1 (15-15.99 SEER)	\$300	\$400 ~33% increase
High-Efficiency Heat Pump or Central A/C Tier 2 (16-16.99 SEER)	\$500	\$500 -
High-Efficiency Heat Pump or Central A/C Tier 3 (17-17.99 SEER)	\$500	\$600 ~20% increase
Air Source Heat Pump replacing Electric Resistance Heat Tier 1	\$300	\$550 ~83% increase
Air Source Heat Pump replacing Electric Resistance Heat Tier 2	\$500	\$650 ~30% increase
Air Source Heat Pump replacing Electric Resistance Heat Tier 3	\$500	\$750 ~40% increase
Air Source Heat Pump replacing Electric Resistance Heat Tier 4 (18 SEER and above)	\$500	\$875 ~75% increase
Duct Sealing	\$150	\$300 ~100% increase
Electric Heat Pump Water Heater (HPWH)	Not available now	\$750 new offering

(d) **Residential Home Energy Check-up**

DESC proposes to continue its Residential Home Energy Check-up program, which has been successful in encouraging over 21,500 homeowners and renters to undertake whole-home assessments of energy consumption. DESC energy experts conduct a visual inspection of the home and review up to two years of consumption data and weather impacts to identify sources of high energy use and provide the customer with a list of various low- and no-cost energy-saving recommendations and tips for energy-saving behaviors (e.g., thermostat settings, turning lights off, changing air filters, or water heater settings).

During the check-up, participants are provided with “Tier 1” measures – LEDs, low-flow faucet aerators, water heater wraps and pipe insulation, as appropriate. However, as LED lighting becomes standard, additional measures are needed for the program to remain cost effective and attractive to customers. In response, DESC proposes to add low-flow showerheads to the “Tier 1” measures and a new set of “Tier 2” measures as listed below for customers identified as requiring these measures:

- Tier 1 Measures
 - Home consultation – 100% of cost
 - LEDs – 100% of cost
 - Low-flow faucet aerators – 100% of cost
 - Water Heater wrap – 100% of cost
 - Pipe insulation – 100% of cost
 - Low-Flow showerheads – 100% of cost (new measure)
- Tier 2 Measures
 - Air Sealing – Up to 75% of cost
 - Home insulation – Up to 75% of cost
 - Miscellaneous home shell measures – Up to 75% of cost

“Tier 2” measures will be offered through independent contractors following participation in the “Tier 1” measures of the Home Energy Check-up program. The additional “Tier 2” measures are estimated to result in energy savings that are approximately three times the amount of savings achieved in Program Year 8. The program forecasts to increase participation by approximately five to ten percent over the next five years.

(e) **Residential Home Energy Reports**

DESC proposes to continue the Residential Home Energy Reports program, which has been successful in motivating and engaging customers to adopt efficiency measures and behaviors by providing them with advanced energy usage benchmarking, educational resources and follow up reminders. DESC proposes to convert the program from an opt-in program, where

customers choose to receive the benchmarking report, to an opt-out program, where customers must choose to not receive reports.

The reports provided under the program compare a customer's energy usage against a peer group of homes with similar construction characteristics, of a similar age, in a similar subdivision, and with similar occupancy patterns adjusted for weather data, and/or customer provided information. The reports also compare a customer's current usage to the customer's historic usage and provide recommendations on how to improve energy efficiency.

(f) **Residential Online Store**

DESC proposes to continue its Residential Online Store, which has successfully incentivized the purchase of discounted home energy efficiency products for residential customers. Since the start of the online offering, over 135,000 home energy efficiency products have been sold. DESC proposes to expand the products offered to include additional non-lighting products.

The expanded list of qualifying equipment and estimated per unit planned incentives will initially include:

- LED bulbs (standard) – Up to \$3
- LED bulbs (specialty) – Up to \$6
- LED bulbs (connected) – Up to \$10
- Low-flow faucet aerators – Up to \$5
- Low-flow showerheads – Up to \$10
- Advanced power strips – Up to \$20
- Smart thermostats – Up to \$75 (new measure)

(g) **Residential Multifamily**

Most existing DSM programs are designed with single family homes in mind. However, this program will focus on rental customers living in multifamily housing, which represents about 20% of DESC's customers, with 6% of customers considered low-income/multifamily

rental customers. DESC proposes a new Residential Multifamily program offering to directly install LED lamps and additional energy efficiency measures along with providing customer education. To ensure access to these customers' units, and to provide additional energy efficiency savings, the program will provide building owners and managers discounted direct-install energy efficiency measures in building common areas:

- LEDs (standard) – 100% of cost
- LEDs (specialty) – 100% of cost
- Low-flow faucet aerators – 100% of cost
- Low-flow showerheads – 100% of cost
- Common area lighting and HVAC upgrades – 75% of cost

(h) Commercial Small Business Direct Install

DESC proposes to continue its Commercial Small Business Direct Install program, which has been successful in encouraging over 1,700 small business projects to replace functioning but outdated and inefficient equipment with more up-to-date energy efficient alternatives. The program aids customers in identifying efficiency improvement projects through energy analysis completed onsite for the customer. The program then provides direct installation services and an incentive of up to 80% of the total installation costs (capped at \$6,000) for lighting and refrigeration measures, which DESC proposes to increase to 90%. Since the inception of the program, DESC has invested over \$6.9 million in the program, with 76% of the investment being used for direct incentives paid to commercial customers. DESC intends to expand participation in the program by approximately 75% in the next five years through marketing and increased customer outreach.

(i) Commercial and Industrial EnergyWise for Your Business

DESC proposes to continue its Commercial and Industrial EnergyWise for Your Business Program, which has been successful in increasing energy efficiency in commercial and industrial facilities through incentives and technical assistance.

The program is divided into a prescriptive path, which schedules out the specific incentives for specific equipment upgrades, and a custom path, which allows customers the ability to create “custom” rebates to fit their individual needs that base incentives on the specific incremental efficiency benefits of the customer’s proposed plan. Some aspects of the program will continue to involve DESC providing technical assistance to customers.

The prescriptive aspect of the EnergyWise for Your Business Program provides financial incentives according to a published schedule as shown below:

EnergyWise for Your Business	
Measure Description	Per Unit Incentive
Lighting	
Fixture replacements or upgrades	\$0.35 per watt reduced; up to 50% of project cost
Complete lighting design for new construction	\$0.40 per watt reduced
HVAC	
HVAC Variable Frequency Drive	\$50 per horsepower
HVAC Chillers	\$10 – \$30 per ton
Water and evaporative or unitary and unmatched split AC and HP Systems	\$15 – \$75 per ton
PTAC and PTHP Systems	\$20 – \$35 per ton
Food Service	
High-Efficiency Food Preparation Equipment	\$300 – \$1,000 per unit
High-Efficiency ice makers, clothes washers, or reach-	\$20 – \$150 per unit
Custom	
Labor and material/equipment costs for retrofit projects	Up to 50%
Incremental material/equipment for new construction/major renovation	Up to 75%

DESC also proposes to add a new agricultural component to the prescriptive path of the program. This new component will provide lighting, pumping, ventilation, irrigation and other energy efficiency measures specific to agricultural customers.

DESC further proposes to add a Strategic Energy Management component to provide energy management tools, coaching, and additional technical resources for commercial and industrial customers. This component will involve a year-long series of workshops and one-on-one coaching for energy managers for participating customers. The goal is to help these businesses, especially mid-market industrial or commercial businesses, implement organizational structures, behavior changes, and systematic practices that can lead to significant energy and cost savings.

(j) **Municipal LED Lighting**

DESC proposes to offer a new Municipal LED Lighting program to buy down the cost of replacing municipal street lights with high-efficiency LED fixtures so that the new fixtures can be installed at no net cost to municipal lighting customers. The proposed program would provide lighting customers with bill credits to bring the net cost for new, high-efficiency LED lighting below or equal to the cost of continuing to rely on existing, less efficient halide lighting thus encouraging the early installation of LED technologies on the system. The proposed program targets replacing approximately 54,000 non-LED fixtures across the system over the next three to five years. In addition to energy efficiency, the new fixtures also provide better remote monitoring, higher quality lighting, and automated outage communications and control thus resulting in overall improved customer service for municipalities.

25. The estimated impacts and costs of the full suite of proposed DSM programs are summarized in **Table 5**. These estimates are based on estimated rates of customer acceptance and participation; the ability to recruit and train trade allies and performance of trade allies; and other factors. The estimates are by 12-month periods from the date that the program is publicly made available to customers, *i.e.*, after approval by the Commission and after putting in place the

personnel, material, trade allies and other resources necessary to successfully market and deliver the programs.

Table 5. Summary of Program Impacts

Program	TRC	Sum of Incremental for Program Years 10–14				
		Non-Incentive \$	Incentive \$	Total \$	MWh	MW
Appliance Recycling	1.11	\$2,547,062	\$2,425,774	\$4,972,836	14,149	1.7
H&C and Water Heating	1.02	\$3,386,440	\$11,702,348	\$15,088,788	27,271	13.5
Home Energy Check-up	1.00	\$6,808,468	\$9,015,591	\$15,824,059	27,406	6.1
Home Energy Reports	1.88	\$895,740	\$3,847,221	\$4,742,962	24,473	9.3
Neighborhood Energy Efficiency	5.90	\$969,974	\$3,730,671	\$4,700,645	24,439	2.8
Online Store	8.15	\$345,799	\$1,533,467	\$1,879,266	19,799	1.7
Multifamily	1.76	\$1,527,150	\$3,442,875	\$4,970,025	18,627	2.9
Residential Portfolio	1.84	\$16,480,633	\$35,697,946	\$52,178,580	156,164	37.8
EnergyWise for Your Business	1.84	\$18,672,720	\$35,828,135	\$54,500,855	252,196	57.1
Small Business Direct Install	1.91	\$4,910,887	\$8,184,812	\$13,095,699	71,541	20.6
Municipal LED Lighting	2.37	\$5,035,877	\$14,957,202	\$19,993,079	19,070	–
C&I Portfolio	1.89	\$28,619,484	\$58,970,149	\$87,589,633	342,807	77.7
Total Portfolio	1.88	\$45,100,117	\$94,668,095	\$139,768,212	498,971	115.5

III. DEMAND RESPONSE PROGRAMS

26. DESC currently offers one Conservation and two Time-of-Use (TOU) rates to residential customers. DESC also offers industrial and commercial customers an Interruptible Rate Rider, a Standby Generator Program, Time-of-Use Rates and, for certain industrial and commercial customers, a Real Time Pricing Tariff. DESC intends to continue offering the rate-related DR programs provided for in its filed Tariffs.

27. Expansion of these existing DR programs was not deemed to be feasible as a means to reduce winter peak due to factors including (a) the need for industrial customers to heat facilities and buildings during cold winter peaks, (b) United States Environmental Protection Agency restrictions on non-compliant standby generators from running more than 500 hours per year, and (c) the fact that the Real Time Pricing Tariff was indefinitely suspended to new customers pursuant to Order No. 2018-604.

28. As part of the potential study, DESC modeled a suite of new direct load control and other measures that would rely on AMI to reduce the winter peak. Within the five-year program cycle, none of these new demand response programs were found to be cost-effective and thus none were pursued further.

29. An important barrier to the cost effectiveness of these expanded DR measures was the lack of broad availability of AMI on DESC's system. However, the Potential Study showed that the rollout of AMI system-wide outside of the DSM context would support additional expansion of these DR programs. The costs associated with these rate-related DR programs are not included in the DSM-related cost recovery mechanisms set forth here.

IV. CONCLUSION AS TO DSM MEASURES

30. Based on the estimated impacts and costs of proposed programs under the expanded scenario listed in Table 2, and subject to the conditions and limitations discussed above, and uncertainties as to the dates that programs will be approved and ready to offer to customers, DESC currently estimates that the initial rate rider request to be effective May 1, 2020, could add approximately \$0.47 per month to the bill of an average residential customer using 1,000 kWh per month.

31. DESC requests that the Commission review and approve the suite of DSM programs set forth in this filing. DESC also requests that the Commission continue to allow DESC the flexibility to modify, expand, amend, terminate and/or add any measure or program to its suite of programs going forward as market conditions and other considerations indicate without the requirement to seek prior Commission approval to do so. DESC requests that the Commission provide for the filing of annual updates of DESC's suite of programs with the

Commission and ORS and determine at the time of such filing whether any formal review proceedings related to these programs are necessary.

V. COST RECOVERY & RATE RIDER CHANGES

32. DESC requests that the Commission approve continuation of the rate rider as currently approved in Order No. 2010-472 and Order No. 2013-826, with the following changes:

- (a) The unrecovered balance of DSM program costs would be amortized for rate recovery over a 3-year period, instead of a 5-year period;
- (b) The carrying costs rate applied to the unrecovered balance of DSM program costs, as approved in Commission Order No. 2015-307, would be changed to the Company's embedded cost of long-term debt;
- (c) The shared savings incentive would be increased to 11.5%, in accordance with S.C. Code Ann. § 58-37-20, to provide the Company with a reasonable financial incentive to continue to implement effective DSM programs.

33. In keeping with the change to the proposed program costs amortization term, DESC proposes to modify its opt-out provisions for certain large commercial and industrial customers, requiring three (3) years of participation in the rider, should a customer elect to participate in one of the Company's DSM programs.

34. Tariff sheets setting out the modified structure of the rider will be submitted along with prefiled testimony in this matter.

35. DESC proposes that the revised DSM Rate Rider be made effective December 1, 2019, and that any changes to the rate recovery calculation approved in this proceeding be used when computing the DSM Rate Rider recovery factors as part of its 2020 update proceeding.

36. DESC requests that the DSM program offerings as set forth herein be approved for a five-year term, with DESC being authorized to modify, amend, terminate or add any measure or program to its suite of programs at any time without the requirement of seeking prior Commission approval.

37. DESC requests that the Commission reaffirm its authorization for DESC's continued use of a DSM account in which it records DSM costs as described in existing orders.

WHEREFORE, Dominion Energy South Carolina, Inc. respectfully requests that the Commission:

(1) Approve its proposed suite of expanded and modified DSM programs for an extended five-year term;

(2) Continue to authorize DESC to modify, expand, amend, terminate or add any measure or program to its suite of DSM programs going forward without the requirement to seek prior Commission approval to do so;

(2) Reaffirm with modifications the DSM Rate Rider mechanism;

(3) Approve the changes to program cost recovery and shared savings incentive as proposed above; and

(4) Otherwise reaffirm its approvals as set forth in prior orders, and the mechanism for the ongoing review, updating and approval of the terms of the Company's DSM programs and DSM Rate Rider, except to the extent that they are proposed to be modified or amended herein.

By: /s/Belton T. Zeigler

K. Chad Burgess
Matthew W. Gissendanner
Dominion Energy South Carolina, Inc.
Mail Code C222
220 Operation Way
Columbia, SC 29033
(803) 217-8141 (KCB)
(803) 217-5359 (MWG)
chad.burgess@scana.com
matthew.gissendanner@scana.com

Belton T. Zeigler
Kathryn S. Mansfield
Womble Bond Dickinson (US) LLP
1221 Main Street, Suite 1600
Columbia, SC 29201
(803) 454-7720(BTZ)
(803) 454-7721 (KSM)
Belton.zeigler@wbd-us.com
Kathryn.mansfield@wbd-us.com

Attorneys for Dominion Energy South
Carolina, Inc.

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